

**EXECUTIVE  
BOARD  
MEETING**

EBS/18/11  
Correction 1

March 8, 2018

To: Members of the Executive Board

From: The Secretary

Subject: **Burkina Faso—Request for a Three-Year Arrangement Under the Extended Credit Facility**

Board Action: The attached corrections to EBS/18/11 (3/1/18) have been provided by the staff:

**Factual Errors Not  
Affecting the  
Presentation of Staff's  
Analysis or Views**

**Page 2**

**Typographical Errors**

**Page 17**

Questions: Ms. Hakura, AFR (ext. 36721)



Approved By  
**Dominique Desruelle**  
**(AFR) and Johannes**  
**Wiegand (SPR)**

Discussions were held in Ouagadougou during November 2-10, 2017 and continued via video conferencing and written communication through January 2018. The staff team comprised Ms. Hakura (head), Mr. Arnason, Ms. Diouf (resident representative), Mr. Lessard, and Mr. Ouattara (local economist) (all AFR), and Mr. Lima (FAD). Mr. Nguema Affane (OED) participated in the discussions. The team received research support from Ms. Nikaein Towfighian, and administrative support from Ms. Margevich and Ms. Ndome (all AFR).

The staff team met with Prime Minister Thiéba, Minister of Economy, Finance and Development Sori/Coulibaly, and Minister of Budget Yaka. The team also met with National Director of the Central Bank of West African States Ki-Zerbo, other senior government officials, representatives of the private sector and civil society, and development partners.

## CONTENTS

<b>BACKGROUND</b>	<b>4</b>
<b>RECENT DEVELOPMENTS, OUTLOOK, AND RISKS</b>	<b>5</b>
A. Improving Economic Performance	5
B. Positive Outlook with Downside Risks	6
<b>POLICY DISCUSSIONS</b>	<b>7</b>
A. Sound and Credible Fiscal Policy	7
B. Preserving Debt Sustainability	10
C. Creating Fiscal Space	11
D. Improving Investment Selection and Execution	13
E. Strengthening Public Financial Management	14
F. Promoting Diversification, Poverty Reduction, and Inclusive Growth	15
G. Improving the Business Climate	16
H. Economic Data	17
I. Capacity Development	17
J. Safeguards Assessment	18
K. Program Modalities	18
<b>STAFF APPRAISAL</b>	<b>19</b>

and analyze asset declarations. With assistance of the World Bank, the ASCE-LC is transitioning from an unsustainable paper-based approach to asset declaration to a digitized, online, submission system. Digitizing the system will allow for superior record keeping, reduce data-entry errors, and facilitate more robust quantitative analysis of the asset declaration database. Moreover, the authorities have undertaken to make available to the ASCE/LC the financial resources it needs to carry out its mandate.

**36. For several years, the difficulty in having (reliable and affordable) electricity, the burdensome procedures for paying taxes, and constraints to access credit have been listed as critical barriers to improving the business climate in Burkina Faso.** In response, the authorities have prioritized energy production in the PNDES and through a combination of support from international development partners, strategic PPPs, and power purchase agreements with neighboring countries the authorities expect to quickly increase electricity supply to the economy. Similar efforts are being made to ease the burden of paying taxes, most notably with the full implementation of standardized VAT invoicing and efforts to digitize and simplify the tax collection process. The finalization of the authorities' multi-year national financial inclusion strategy, and its implementation beginning in 2018, is expected to reduce barriers to getting credit, especially for women, agriculture, and small- and medium-sized enterprises (SME).

## H. Economic Data

**37. The authorities are seeking to improve macroeconomic data and three significant milestones are expected to be reached by end-2018 (MEFP ¶159).** First, work should finally be completed on updating the base year of the national accounts; replacing the increasingly outdated 1999 base year with a new 2015 base. Second, results from the National Survey on Employment and the Informal Sector as well as the results from the National Survey on Artisanal Gold Production will be integrated into the national accounts. Third, the new national accounts data, incorporating revised gold and informal sector production, will be classified under a new system of national accounts as Burkina Faso adopts the SNA2008 methodology. The revised system of national accounts time series data is expected to be available by end-2018 and preliminary indications are that it could lead to meaningful upward revisions in historical gold and informal sector production data.

## I. Capacity Development

**38. A capacity building strategy has been developed in consultation with the authorities.** The strategy is aligned with the authorities' development priorities in the PNDES as well as agreed in the program. Key components focus on enhancing domestic revenue mobilization, limiting contingent risks, controlling re-current spending, particularly on wages and salaries, and strengthening spending efficiency, especially in regard to public investment spending.